

COMMONWEALTH OF VIRGINIA

DELEGATE JOHN COSGROVE, Chair
SENATOR MAMIE LOCKE, Vice Chair
ELIZABETH A. PALEN, Executive Director



GENERAL ASSEMBLY BUILDING
910 CAPITOL STREET, SECOND FLOOR
RICHMOND, VIRGINIA 23219
(PHONE) 804-786-3591
(FAX) 804-371-0169
epalen@dls.virginia.gov
<http://dls.state.va.us/houscomm.htm>

VIRGINIA HOUSING COMMISSION

SUMMARY

**Virginia Housing Commission
House Room C, General Assembly Building
December 13, 2011
10:00 A.M.**

Members present: Delegate Cosgrove, Senator Locke, Senator Whipple, Senator Watkins, Delegate Dance, Delegate Marshall, Mark Flynn, T.K. Somanath, and Melanie Thompson.

Staff present: Elizabeth Palen and Beth Jamerson.

I. Welcome and Call to Order

- **Delegate John Cosgrove; Chair**
 - The meeting was called to order at 10:05 a.m.

II. Current Housing Conditions in Virginia

- **Sonya Waddell**, Associate Regional Economist, The Federal Reserve Bank of Richmond, provided the Commission with an update on current housing conditions in Virginia.
 - Although the Federal Reserve has an additional two to three quarters of data since April, the housing situation remains basically the same. While conditions are not deteriorating as in 2009, there are still near-record levels of delinquencies and foreclosures, and home sales have not come back to the levels we saw last decade. House prices, while stabilizing, are continuing to fall on a year-over-year basis. The Federal Reserve does not find this to be surprising news.
 - The inventory of foreclosures—the share of mortgages that are in foreclosure—has fallen throughout 2011 in Virginia, and is now at 1.85% according to the Mortgage Bankers Association. This is notably below the peak of 2.18% in the second quarter of 2009. Nationwide, approximately 4.4% of all mortgages are somewhere in the foreclosure process, which translates to about 2 million homes nationwide, and 26,000 homes in Virginia. The difference between U.S. and Virginia is not just representative of states like Nevada or Arizona, or other states that are known to have a foreclosure problem; Virginia is in the bottom 10 states in terms of foreclosure rates.
 - Delinquency rates are also falling—this is the share of mortgages that are more than 90 days delinquent. In the fourth quarter of 2009 that rate

DELEGATE JOHN A. COSGROVE
DELEGATE DAVID L. BULOVA
DELEGATE ROSALYN R. DANCE
DELEGATE DANIEL W. MARSHALL, III

SENATOR MAMIE E. LOCKE
SENATOR JOHN C. WATKINS
SENATOR MARY MARGARET WHIPPLE

MARK K. FLYNN
T.K. SOMANATH
MELANIE S. THOMPSON

peaked at over 3.6% in Virginia. By the third quarter of 2011, that rate is 2.35%, and in the U.S. that rate is 3.5%.

- Shadow inventory is defined here as the total number of mortgages that are either 90 days delinquent or somewhere in the foreclosure process. The shadow inventory peaked at approximately 81,000 homes in Virginia in the first quarter of 2009, and that number now is just under 60,000. There are around 200,000 units in Virginia that are vacant; this number does not include homes that are rented and not occupied, sold and not occupied, and the homes for seasonal, recreational, or occasional use. When this number is added to the shadow inventory, there are about 260,000 homes that are vacant. Existing home sales have not reached their 2001–2002 levels; it is worth noting that home sales are above the levels we saw in 1989–1997, but there is a much larger glut of homes on the market now than there were at that time.
- Based on this data, Ms. Waddell estimates that even with no new inventory, it will still take over two years to work the existing inventory and shadow inventory off the market. The bottom line is that we are probably facing another two years of a sluggish housing market. Virginia existing home sales has followed U.S. home sales fairly closely, and based on the decline in new home sales and construction in the U.S., Ms. Waddell suspects that Virginia will experience a similar trend.
- Because there are a lot of homes that are not selling very quickly, house prices are starting to stabilize but are still declining on a year-over-year basis. In the third quarter of 2011, Virginia house prices rose 0.9%, but on a year-over-year basis, house prices still fell 3.1%. Virginia saw a bigger increase in housing prices than the nation, but not much sharper of a decline. The average house price in Virginia is also well above the national average, which was not true in 2004. Virginia housing prices are not yet back to their 2003 levels. Referring to the graph, Ms. Waddell noted that peak to trough, Virginia saw 14.2% decline in house prices.
- According to a recent CoreLogic release, 22.9% of Virginia homeowners are facing negative equity, with an additional 6.1% are facing near-negative equity, which means that they have less than 5% equity in their homes. This puts Virginia in the top ten states in terms of negative equity levels; Nevada was the top state, with 65% of homeowners facing negative equity.
- In 2007, more than half of all foreclosures were among subprime borrowers. By the third quarter of 2011, that number had fallen to just over 25 percent. Note, however, that in the third quarter of 2011, there more than four times more borrowers than in 2007. By way of example, in 2007 there were 3,200 subprime mortgage loans in foreclosure, and by the third quarter of 2011 there were over 8,000 subprime mortgage loans in foreclosure. Although most foreclosures are with prime borrowers, subprime loans are still disproportionately represented in the foreclosure pool in Virginia; while subprime borrowers account for about 1/12 of total mortgages, they make up over 25% of all foreclosures.

- The Winchester, Washington D.C., and Virginia Beach areas, not surprisingly, have seen some of the sharpest house price declines.
- The percentages of owner-occupied loans in foreclosure or REO or with a more than 90 day delinquency used to be the highest in Northern Virginia, and now those percentages are spread out more evenly across the states.
- When considering why Virginia has a high level of negative equity, but a relatively low foreclosure rate, note that negative equity alone does not lead to foreclosure or default; usually there is an additional factor, such as unemployment or health problems. In Virginia the unemployment rate is still quite a bit lower than that of the U.S.; in October the unemployment rate in Virginia fell from 6.5% to 6.4%, and the U.S. unemployment rate as of November is 8.6%. October also saw a payroll addition of 14,000 jobs in Virginia and a payroll addition of 120,000 nationwide.
- Unemployment in Virginia is highest in the south and southwestern parts of the state.
- The housing market continues to be a drag on the economy; house prices are still falling on a year-over-year basis, and foreclosure inventories remain at record levels. However, the shadow inventory of homes is contracting as the number of homes entering delinquency and foreclosure is reducing, and labor markets in Virginia are beginning to stabilize, as they are across the nation.
- **Senator Watkins** asked Ms. Waddell if she has any statistical data on home equity lines of credit (HELOC).
 - **Sonya Waddell** responded that the data available on HELOCs is somewhat unhelpful in that they are unable to connect loans to each other, and therefore she does not have the data to allow her to make any confident conclusions about HELOCs. The Federal Reserve Bank of Richmond has recently received new data that may provide some information on the subject.
- **Senator Watkins** expressed concern over the percentage of homeowners facing negative equity, and speculated that if the numbers of first deeds of trust are combined with the number of HELOCs, the percentage of potential foreclosures will increase. This is potentially problematic in the future if the economy does not vastly improve and foreclosure rate continues.
 - **Sonya Waddell** agreed with Senator Watkins.
- **Senator Watkins** noted that this is a pervasive problem in Virginia because a lot of times those borrowers who have taken out HELOCs will do nothing but pay the interest off every month and never pay anything toward the principal borrowed. If it is a second mortgage in an area where housing prices have fallen, there's no requirement on HELOC to look at appraisal values each year, as they must do for mortgages. Could be getting away from us without knowing it.
 - **Sonya Waddell** explained that as far as she can tell, there are fewer HELOCs being extended in recent years, so the problem would largely be with HELOCs that were extended in 2007–2008.
- **Senator Watkins** noted that he would include HELOCs that were extended from 2006–2008 in the analysis.

III. Attorney General's Foreclosure Response

- **Mark Kubiak**, Assistant Attorney General, with the Antitrust and Consumer Litigation section of the Office of the Attorney General, offered a brief update on the multistate mortgage servicer investigation and foreclosure rescue.
 - **The Multistate Mortgage Servicer Investigation:**
 - The Office of the Attorney General has participated in a multistate investigation of alleged fraudulent foreclosure documentation and deceptive servicing practices since October 2010. The Antitrust and Consumer Litigation section handles the multistate foreclosure investigation on the staff level for the Virginia Attorney General.
 - The investigation continues; negotiations with servicers are ongoing and, though significant progress has been made, no settlement has been announced and no settlement has been reached with any servicer to date. Due to the confidential nature of negotiations and investigation, Mr. Kubiak explained that he cannot provide a specific update on either of those topics, but will give an overview of the subject matter of the investigation and its major players.
 - At the state level, the investigation includes attorneys general offices in 48 states (and the District of Columbia). There is an Executive Committee comprising representatives from 13 states: Arizona, Colorado, Connecticut, Delaware, Florida, Illinois, Iowa, Massachusetts, North Carolina, Ohio, Tennessee, Texas, and Washington. New York and California were previously on the Executive Committee, but are not currently part of the investigation. The Executive Committee also includes state banking regulators from three states (Maryland, Pennsylvania, and New York), and is responsible for conducting servicer examinations of state-regulated entities.
 - At the federal level, the investigation includes the U.S. Department of Justice, the Treasury Department, Housing and Urban Development (HUD), and the Federal Trade Commission (FTC). The investigation does not include “horizontal review” regulators such as the Office of the Comptroller of the Currency (OCC), the Federal Reserve Board, or the Federal Deposit Insurance Corporation (FDIC), which may be taking independent action. The OCC recently announced settlements with eight servicers for “unsafe and unsound practices relating to residential mortgage loan servicing.” Anything achieved by the individual regulators would be in addition to what is being achieved by the multistate investigation. Regulators such as OCC have the ability to assess fines to licensees.
 - With respect to the servicers, the investigation currently involves the five largest servicers: Bank of America, Wells Fargo, J.P. Morgan Chase, CitiMortgage, and GMAC/Ally. The first four are affiliated with national banks, while the fifth is a state-chartered

entity. These five largest servicers make up roughly 59% of the total market, with a relatively large drop off in market share after the top five. The largest 14 servicers make up 67% of the market.

- Three primary areas of servicing standards are being examined:
 - ❖ Fraudulent Foreclosure Documentation
 - The concern here relates to alleged “robo-signing,” which refers to situations where officials from the banks or servicers sign off on important documents (*e.g.*, court affidavits) without verifying information therein and/or without signing in the presence of a notary public.
 - This relates primarily (but not exclusively) to judicial foreclosure states. Virginia is a non-judicial foreclosure state, however, sworn statements can be part of the process in non-judicial states (*e.g.*, bankruptcy actions, litigated matters).
 - ❖ Loss Mitigation
 - This relates to whether consumer borrowers have received adequate disclosures of loss mitigation (foreclosure alternative) options offered through their lender or servicer, and whether they have been given an opportunity for consideration in those options.
 - Loss mitigation options include loan modifications, short sales, and deeds-in-lieu.
 - This could result in situations where the foreclosure arm of the servicer “races” with the loss mitigation department, causing the foreclosure of a home while the borrower waits for loss mitigation relief.
 - ❖ Service Members Civil Relief Act
 - The concerns here relate to compliance with the interest rate relief (6% limit) and foreclosure protections (9 months after release from active duty) provided for covered loans under this federal statute.
- The potential resolution could take various forms as settlement discussions remain fluid. It will not likely include an injunctive component, but will likely include a monetary component. The goal will be to direct monies to compensate those that have been harmed by alleged wrongful foreclosure practices.
- The Office of the Attorney General remains optimistic that a settlement will be reached; one that will require reasonable servicing and foreclosure process reforms and provide tangible benefits to homeowners across the country that may have been injured by the existing process. Mr. Kubiak was unable to provide a timeline on a resolution. It could be a matter of weeks or

months. This investigation is more complicated than usual with difficult and complex issues, multiple parties, including state and federal enforcement agencies and industry participants.

Additionally, this is an industry-wide negotiation, whereas in the past, most negotiations have been with a single entity.

- **Foreclosure Rescue:**

- Foreclosure rescue scams typically involve a third party not affiliated with homeowner's lender or servicer. These third parties promise they can help homeowners avoid or prevent foreclosure. For example, loan modification companies charge large advance fees, promise they can help obtain a loan modification, and never deliver on that promise.
- The tools that can be used to pursue foreclosure rescue scams include the Virginia Consumer Protection Act (VCPA), Va. Code §§ 59.1-196 to 59.1-207. The VCPA generally prohibits suppliers from engaging in fraud, false pretense, false promises, or misrepresentations in connection with consumer transactions. Another tool is the Foreclosure Rescue law, Va. Code § 59.1-200.1, which was proposed by HOME and passed by the General Assembly in 2008. The Office of the Attorney General sought amendments to clarify advance fee prohibition. These amendments were passed by the General Assembly in 2009 and went into effect July 1, 2009. The amendments made it clear that suppliers of services to avoid or prevent foreclosure are prohibited from accepting advance fees where the transaction does not involve the sale or transfer of home. The amendments are meant to reach prevalent scams where a company accepts large advance fees and does nothing.
- Four enforcement actions have been brought against foreclosure rescue operators, three of which have been settled. Those actions involved Nationwide Loan Modification Bureau, LLC (Va Beach), Real Estate Resolutions, LLC (Va Beach), American Neighborhood Housing Foundation (Chesapeake), and R.L. Brad Street (Chesapeake), which is still pending.
- In terms of individual consumers, the Office of the Attorney General encourages distressed homeowners to maintain contact with their mortgage lender or servicer to discuss their options. If homeowners elect to contact a third party for help, it should be a HUD-approved housing counselor. Additionally, consumers should be wary of any company that requests advance fees to assist them in avoiding or preventing foreclosure. If consumers fall victim to a foreclosure rescue scam and are out money, they should file complaints with the Virginia Office of Consumer Affairs (OCA) and provide a copy to the Virginia Bureau of Financial Institutions (BFI). The Office of the Attorney General meets regularly with both the OCA and the BFI to discuss complaint activity, and they can make informal referrals to the Office of the Attorney General.
- In terms of Complaints, they are looking for Complaints where advance fee was taken after July 1, 2009, when the amendments went into effect. If an advance fee was taken before that date, it does not mean nothing can

be done—the Virginia Consumer Protection Act still applies to prohibit deceptive conduct (*i.e.*, receiving a fee and doing nothing).

- Complaints should be very detailed and include the following: 1) the name and address of the company they dealt with; 2) what the company promised them and whether or not the company delivered; 3) where the property was located; 4) when and how much they paid the company; 5) why they used the company's services; 6) copies of contracts; 7) evidence of payment, including receipts, cancelled checks, and/or bank statements; 8) correspondence from the company; 9) any handwritten notes; and 10) any other materials that may be helpful.

IV. Proposed Legislation

- **Repair of Derelict Buildings/Receivership**

- **Jon Baliles**, with the Department of Planning and Development Review in the City of Richmond, explained that this bill modifies the concept known as receivership, which will be a useful tool for localities to repair derelict residential structures. The process allows for a receiver to repair a structure that has been declared derelict and blighted under the existing spot blight abatement statute. Once the locality has initiated spot blight proceedings, the court may appoint a receiver to take possession of the blighted property and make the necessary repairs to restore the building to a livable condition. A judge will approve the receiver and the receiver's rehabilitation plan, and place a lien against the property for the cost of the repairs once they are completed. The ownership rights of the property remain with the owner throughout the process, and at any point he may pay the receiver's lien and retain ownership, or sell the property if so desired. If the owner is unable or unwilling to pay the lien, the property is sold and any proceeds remaining after the lien has been paid are returned to the original owner. Because the receivership process uses the existing spot blight abatement statute to take possession of the property, it does not expand the taking power of localities or allow for zoning changes. Using receivership, the original property owner receives any remaining proceeds from the sale of the property, whereas under a spot blight proceeding, the property would be taken and then sold, thereby decreasing the profits realized by the owner.
- **Jon Baliles** noted that the City of Richmond has made a concerted effort to contact Joe Waldo about the bill, but has yet to receive a response. Additionally, Senator Stolle had some questions about the bill; the City contacted his office and his office has informed the City that his concerns have been addressed.
- **Chip Dicks**, with the Virginia Association of Realtors, added that this bill includes language in the enactment clause that says nothing contained in the bill affects or supersedes eminent domain authority in Section 1 legislation that was passed by the 2007 General Assembly. This bill allows a locality to use private community development to fund improvements to derelict structures so that the property can be auctioned with a reasonable chance at being sold at a profit. Provisions in this bill

expressly provide that any surplus is given to the original owner. Without this bill the locality's only other option is to go through spot blight proceedings and the property is condemned.

- **Delegate Dance** noted that over the interim, interested parties have worked together to draft the bill before the Commission, and the proposal is a compromise that suits everyone.
- **Senator Watkins** commended the bill to the Commission, noting that receivership is a novel approach to solving a persisting problem among the older cities and counties in the commonwealth.
- *The bill was properly moved and seconded, all were in favor, and the bill was endorsed by the Commission. Delegate Dance will be the chief patron of the bill.*
- **Rental Receipts**
 - **Christie Marra**, with the Virginia Poverty Law Center (VPLC), explained that this proposal requires landlords to issue receipts for rental payments made using cash or money order at the tenant's request. The draft before the Commission also includes a provision requiring that the tenant's right to request a receipt be included in rental agreements in bold face, 10-point type size. VPLC believes it is important for tenants to know about their right to ask for a receipt.
 - **Brian Gordon**, with the Apartment and Office Building Association (AOBA), expressed concern with regard to the provision requiring notice by the landlord. This would require landlords to rewrite their leases, and even if it was included in a lease addendum that could be overly burdensome as well since these documents are often lengthy. In addition, the Virginia Residential Landlord-Tenant Act (VRLTA) supersedes any lease provision, and therefore this provision is duplicative.
 - **Chip Dicks** suggested that a provision requiring landlords to issue receipts alone accomplishes the VPLC's objective. The notice provision is somewhat problematic because it is difficult to require notice for one particular right. This provision would require all landlords to rewrite their leases. Mr. Dicks suggested endorsing the bill with only the provision requiring landlords to issue receipts upon request, and revisiting the notice provision after seeing how the receipt requirement alone works and whether it is effective.
 - **Delegate Marshall** asked Mr. Dicks what the word "cash" includes.
 - **Chip Dicks** responded that cash means actual paper currency, and does not include checks or any other form of payment. Most landlords have policies that they do not accept cash.
 - **Delegate Marshall** noted that if he is a landlord who does not accept cash or money orders, then this bill does not apply to him.
 - **Chip Dicks** agreed; this bill only affects landlords who accept cash or money orders for rental payments.
 - **Senator Whipple** mentioned that an earlier draft of this legislation provided that the landlord must present the tenant with a receipt for cash rental payments upon payment. This draft instead provides that a receipt

will be issued upon request by the tenant. If the receipt is provided upon the tenant's request, then the tenant needs to know that he has a right to request the receipt.

- **Chip Dicks** responded that under landlord-tenant laws there are rent escrow opportunities for the tenant, whereby the tenant can pay rent into escrow until, for instance, maintenance on the unit is performed. There is an entire chapter on tenant rights, and none of it is expressed in a separate notice provision.
 - **Mark Flynn** suggested an enactment clause stating that the notice provision applies only to leases entered into after July 1, 2012 would prevent the landlord community from rewriting leases in order to comply. Only new leases entered into after July 1, 2012 would be subject to the notice provision.
 - **Chip Dicks** responded that landlords would still be required to amend the lease forms.
 - **Christie Marra** responded that such an enactment clause is certainly better than no notice provision at all, and although landlords will have to amend lease forms that is not as burdensome as amending every single lease already in effect.
 - *The bill draft including only the requirement to issue receipts upon request was properly moved and seconded; those in favor were Delegate Cosgrove, Delegate Dance, Senator Watkins, Senator Whipple, Mark Flynn, T.K. Somanath, and Melanie Thompson, and those opposed were Delegate Marshall and Senator Locke. The bill was endorsed by the Commission. Delegate Dance will be the chief patron of the bill.*
- **Mortgage Loan Originator; Non-Profit Exemptions, Technical Changes**
 - The bill seeks to ensure Virginia's compliance with the federal SAFE Act in the wake of a recent ruling by the Housing and Urban Development (HUD). According to HUD, (which had been tasked with enforcing the SAFE Act before that responsibility was recently given to the Consumer Financial Protection Bureau) the current language in Virginia's statute requiring licensure of those "act[ing] as" mortgage loan originators encompasses non-profit agencies who are subject to an exception to the licensure requirements. Instead, HUD suggests those "engag[ing] in the business of" mortgage loan originators includes only those who act in a commercial context, and excludes "bona fide non-profit organizations." This legislation changes the language in Virginia's statute from "act as" to "engage in the business of" in order to ensure compliance with HUD's ruling and the SAFE Act.
 - *The bill was properly moved and seconded, all were in favor, and the bill received endorsement by the Commission. Delegate Marshall will be the chief patron of the bill in the House, and Delegate Dance will co-patron. Senator Watkins will patron the bill in the Senate.*
- **Water/Sewer Liens; Localities and Municipal Utility Services**
 - **Preston Bryant**, with McGuire Woods Consulting, representing Virginia Water and Waste Authorities Association, explained that currently, a

locality may place a lien on a landlord's property for the amount of outstanding water and sewer bills owed by a tenant. This bill amends the process that a locality must follow before placing a lien on property for the unpaid water and sewer bills of a tenant. The landowner must provide the tenant with written authorization that must be presented to local authorities before setting up an account for water and sewer services in the tenant's name. Also, local authorities must notify the landowner that a lien may be placed against his property if the tenant's water and sewer bills remain outstanding. The owner must be given a copy of any outstanding bill to allow the owner an opportunity to pay the overdue amounts if he so chooses. Additionally, a security deposit of no less than three months and no more than five months worth of water and sewer fees must be collected from the tenant by the locality, which will be applied to any outstanding amounts in the event that the tenant fails to pay the bill. The locality must also execute reasonable collection efforts to collect any overdue amounts from the tenant, and provide the owner with 30 days' written notice before the lien may be filed. If a lien is placed on the property, once the outstanding balance has been satisfied the lien must be removed within 10 days. The bill also exempts a tenant with a Section 8 Housing Choice voucher from paying the security deposit, and this will not prevent the locality from enforcing its lien rights.

- **Brian Gordon** noted that this bill strikes a nice balance between the interests of the local government and water authorities and the interests of property owners. Water authorities and local governments are able to maintain bond ratings and collect delinquent payments, and property owners are protected by ensuring that the individuals who use the services are held responsible for payment of those services. In particular, the security deposit provision is critical in ensuring that liens are placed in only the rarest of circumstances, and used as a last resort to collect payment.
- **Ralston King**, representing Manufactured Housing Communities of Virginia, Inc., agreed with Mr. Gordon and acknowledged that this bill is a good compromise between all stakeholders.
- **Christie Marra** explained that the VPLC is working with stakeholders to address its concern regarding the amount of the security deposit that may be collected from the tenant. The VPLC is concerned about the scarcity of Section 8 Housing Choice vouchers and the potential that security deposits may make housing cost-prohibitive for those who are unable to obtain the vouchers as well as those who are living just above the poverty line and are ineligible for the vouchers. Ms. Marra suggested capping the security deposit amount at \$100.00, rather than five months worth of services.
- **Chip Dicks** noted that some localities charge security deposits and others do not, but the current law does not limit the amount that a water authority may charge for a security deposit. If a tenant has a Section 8 voucher, the landlord will attach the voucher to his written authorization; this will ensure that localities and water authorities do not have the burden of

proving the tenant's Section 8 eligibility. With respect to the indigent, alternatives that were discussed and dismissed require the locality or water authority to determine a tenant's indigent status. The work group also discussed allowing the tenant to pay the deposit in installments, but that would essentially force the tenant to pay twice the amount of the monthly water bill for two to three months. Alternatives that were discussed in the work group proved to be impractical, and this proposal is the best compromise between interested parties.

- **Senator Whipple** noted that many of those who are indigent have already been vetted by the local government and a local rent relief certificate in some form. If a locality already has a similar program in place, then proof of the tenant's indigent status can be administered in the same way as a Section 8 voucher.
- **T.K. Somanath** suggested that those earning less than 30% of the median income, which is the test to qualify for affordable housing, could be the way to frame an exemption.
- **Chip Dicks** explained that stakeholders were concerned with creating a new, independent process to determine the exemption. Requiring the water authorities or localities to determine a tenant's indigent status would be extremely difficult administratively. If there is some outside determination that a tenant is indigent and there is an authorization that can be attached, that is something that can be accommodated.
- *Senator Whipple moved to endorse the bill with the understanding that there be further exploration into whether existing local programs that evaluate the indigent status of a person may be incorporated into the bill. The motion was properly seconded, and all were in favor. Delegate Marshall will be the chief patron of the bill, and Delegate Dance will co-patron.*
- **Foreclosure on Liens for Unpaid Assessments (2)**
 - **Pia Trigiani**, with MercerTrigiani, explained that the first proposal seeks to allow sales of foreclosed condominium units subject to the first deed of trust. A 2003 Virginia Supreme Court ruling stated that proceeds from a foreclosure sale of a condominium must first satisfy superior liens under the Condominium Act before the Condominium Owners' Association may satisfy an assessment lien. Superior liens can include real estate tax liens, liens recorded prior to the assessment lien, and amounts owed on any first mortgages or first deeds of trust recorded prior to the assessment lien.
 - **Matt Bruning**, with the Virginia Bankers Association (VBA), asserted that the bill allows a property owners' association to sell the property in a non-judicial sale without paying off the mortgage lender's prior deed of trust. The VBA opposed the bill on the grounds that the legislation would, in the words of the court, "put the institutional lender holding the first deed of trust at a serious disadvantage with respect to its ability to protect its security interest in the condominium unit."
 - There were no motions on the bill.

- **Pia Trigiani** explained the second proposal, which is a bill to amend the Property Owners' Association Act to allow associations to enter vacant property where a violation exists and take corrective action to ensure the property is maintained properly, charging the owner of the property for the maintenance repairs. This is currently allowed for condominium units by the Condominium Act.
- **Matt Bruning** opposed the bill on the grounds that other property owners are not as impacted by failure to maintain the property as those in a condominium unit, and suggested limiting the amount that could be charged to the owner for repairs. Stakeholders acknowledged that they are continuing to work on the bill to reach a consensus.
 - There were no motions on the bill.
- **Previously Approved Commission Bills**
 - **Delegate Cosgrove** noted that the Commission had previously agreed on the following bills: Accounting for Rental Payments, Prohibition on Self-Help Eviction, Mortgage Loan Originator; Owner Financing, and the Timeshare Act.

V. Public Comment

- There was no public comment

VI. Adjourn

- **Delegate Cosgrove** recognized this meeting as Senator Whipple's last, and commended her for her service to the Commonwealth:
 - **Senator Mary Margaret Whipple** has been a member of the Housing Commission since 2000. She has been a tireless advocate for affordable housing—Thelma Drake asked her to chair the Affordable Housing Group with Bill Mimms and she gladly accepted the challenge.
 - She brokered SB 273 within Arlington County in 2006--the height for affordability bill—a good start toward other ADU affordable dwelling unit bills. She has championed the Housing Trust Fund and brought it to the attention of the General Assembly numerous times.
 - Appointed by former chair, Terrie Suit, to chair the Common Interest Communities Workgroup, she provided oversight on establishing a Common Interest Communities Board and played a great role in providing oversight for Common Interest Communities being protected from unscrupulous managers.
 - Her interest, dedication and work toward improving housing for all Virginians has been incredible and her willingness to work across the isle for the best outcomes admirable. She has been a valuable Virginia Housing Commission member and her presence will be missed.
- The meeting was adjourned at 12:10 p.m.